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EXCISE

D35

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INQUIRE=DOC18D
ITEM NO=00253947

ENVELOPE

CDSN = LGX340 MCN = 92169/21736 TOR = 921691349
RTTCZYUW RUEKJCS4682 1691349-CCCC--RUEALGX.
ZNY CCCCC

HEADER

R 171349Z JUN 92
FM JOINT STAFF WASHINGTON DC
INFO RUEADWD/OCSA WASHINGTON DC
RUEAHQA/CSAF WASHINGTON DC
RUEADWD/PTC WASH DC
RUFGAID/USEUCOM AIDES VAIHINGEN GM
RHDLCNE/CINCUSNAVEUR LONDON UK//N2/N22//
RHCGSRB/COMUSARCENT FT MCPHERSON GA//AFRD-DSO//
RUEOACC/CDRPSYOPGP FT BRAGG NC//AORC-POG-SB//
RUWSMXI/AMC INTEL CEN SCOTT AFB IL//IN//
RUCJACC/USCINCCENT MACDILL AFB FL//CARA//
RUCQVAB/USCINCSOC INTEL OPS CEN MACDILL AFB FL
RUEOFAA/COMJSOC FT BRAGG NC//J2//
RULKQAN/MARCORINTCEN QUANTICO VA
RUSNNOA/USCINCEUR VAIHINGEN GM
RUEALGX/SAFE

R 170606Z JUN 92
FM AMEMBASSY RIYADH
TO RUEHC/SECSTATE WASHDC 7255
INFO RUEATRS/TREASURY WASHDC
RUEHQM/GCC COLLECTIVE
RUFHLD/AMEMBASSY LONDON 5034
BT

CONTROLS

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USE SECTION 01 OF 02 RIYADH 04545

E.O. 12356: N/A

/***** THIS IS A COMBINED MESSAGE *****/

BODY

TAGS: EFIN, SA

SUBJECT: BCCI: SAUDI BANK COMES OUT OF THE CLOSET

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DEPARTMENT OF STATE

IS/PPC/CDR *DRP* DATE 6/24/94

() RE-CLASS () DECLASSIFY
☒ EX-CLASS ☒ DECLASSIFY
() NY IN PART
() DELETE () 1-Ref () 2-Info
FOIA Exemptions *B1*
A Exemptions

MR Cases Only:
EO Citations

PALE. J. Smith
paras 1, 9-12 TS auth.
(X) CLASSIFY as *A*, S or (X) C U
() DOWNGRADE TO () S or () C OADR

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2. ~~(S)~~ THE FOLLOWING PRESS RELEASE IS BEING PRESENTED FOR WASHINGTON AREA ANALYSTS AS IT APPEARED IN THE JUNE 3 EDITION OF THE ENGLISH LANGUAGE, ARAB NEWS.

BEGINNING OF ARTICLE

AL-RAJHI ADMITS BCCI ACCOUNTS

RIYADH, JUNE 2--AL-RAJHI BANKING AND INVESTMENT CORPORATION HAS ADMITTED THAT IT HAD ACCOUNTS WITH THE COLLAPSED BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI). THE REVELATION WAS MADE BY SULIMAN AL-ABDUL AZIZ AL-RAJHI, DIRECTOR GENERAL AND MANAGING DIRECTOR OF THE CORPORATION AT A MEETING OF ITS GENERAL ASSEMBLY HELD HERE YESTERDAY. QUESTIONS BY SOME SHAREHOLDERS CAUSED TUMULTUOUS SCENES AT THE MEETING AND THE LEGAL AUDITOR HAD TO INTERFERE TO CLARIFY SEVERAL POINTS. QUESTIONS RELATING TO THE FIGURES OF THE ACCOUNTS WITH BCCI DID NOT RECEIVE ANY CLEAR REPLY FROM THE DIRECTOR GENERAL.

3. ~~(S)~~ (C) THE DISCUSSIONS AT THE MEETING MOSTLY CENTERED AROUND THE DEAL WITH BCCI. "THE CORPORATION HAD ACCOUNTS WITH BCCI. WHEN WE HEARD OF ITS DETERIORATING CONDITION, WE STOPPED DEALING WITH IT TWO YEARS AGO. WHEN THE BANK WAS CLOSED, WE WERE ASKED TO PAY USD 3 MILLION AND A FEW THOUSANDS (SIC) AS THE VALUE OF TOURIST CHECKS," AL RAJHI SAID.

4. ~~(S)~~ (C) DESPITE THIS EXPLANATION, THE QUESTIONER TURNED TO THE LEGAL AUDITOR FOR FURTHER CLARIFICATION. "IT IS NOT WITHIN MY JURISDICTION TO GIVE SPECIFIC FIGURES OF THE ACCOUNTS OF THE CORPORATION WITH BCCI. HOWEVER, THE FIGURE MENTIONED BY AL-RAJHI IS NOT EXACT AND THE REAL FIGURE IS MUCH BIGGER THAN THAT," HE SAID.

5. ~~(S)~~ (C) THIS STATEMENT CAUSED NOISY SCENES AT THE MEETING. AT ONE POINT, AL-RAJHI DISCLOSED THAT IT WANTED BCCI TO ACCEPT THE BUILDING IN LONDON WHICH THE CORPORATION HAD PURCHASED FOR USD 44 MILLION AS A MORTGAGE FOR FACILITIES EXTENDED TO ENABLE THE CORPORATION TO ESCAPE BRITISH TAXES. THE LIQUIDATORS WANTED TO INCLUDE THE BUILDING IN THE ASSETS TO BE LIQUIDATED, HE ADDED.

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6. (U) THE LEGAL AUDITOR DISCLOSED THAT THE ALLOCATIONS OF THIS YEAR HAVE COVERED THE ISSUE OF BCCI INVOLVING SR 336.5 MILLION (USD 90 MILLION) AND THAT THERE WAS NOTHING TO FEAR REGARDING THE ACCOUNTS OF THE CORPORATION AND ITS COMMITMENTS. AL-RAJHI SAID THE CORPORATION HAS NOT BEEN GREATLY AFFECTED BY THE BCCI PROBLEM. OTHERWISE IT WOULD NOT HAVE EARNED MORE THAN SR 700 MILLION (USD 187 MILLION) IN PROFITS, HE POINTED OUT. HE ALSO REMINDED THE MEMBERS THAT HE OWNS MORE THAN 50 PERCENT OF THE CORPORATION AND SO HE WAS CONCERNED MORE THAN OTHERS ABOUT ITS SAFETY.

7. (U) ONE SHAREHOLDER QUESTIONED THE LEGITIMACY OF RENTING THE LONDON BUILDING TO BCCI, AN ALLEGATION WHICH WAS DENIED BY THE DIRECTOR GENERAL. HE SAID THE VALUE OF THE BUILDING WAS USD 44 MILLION OR SR 191 MILLION, BUT THE PRESENT EXCHANGE RATE OF SR 3.76 (SIC) PER DOLLAR PUT THE VALUE AT SR 165.5 MILLION, HE SAID.

/***** BEGINNING OF SECTION 002 *****/

8. (U) IT MAY BE REMEMBERED THAT A FEW MONTHS AGO, AL-RAJHI, TALKING TO A LOCAL NEWSPAPER, HAD DENIED HAVING ANY ACCOUNT WITH THE BCCI. THE LEGAL AUDITOR REQUESTED THE MEMBERS NOT TO ASK FOR THE EXACT FIGURES OF THE CORPORATION'S ACCOUNTS WITH BCCI. HE SAID THAT THE AMOUNT, HOWEVER, IS NOT USD 400 MILLION AS IS BEING RUMORED. END OF ARTICLE.

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